



Director of
Central
Intelligence

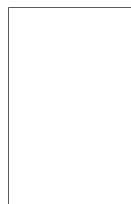
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National Intelligence Daily

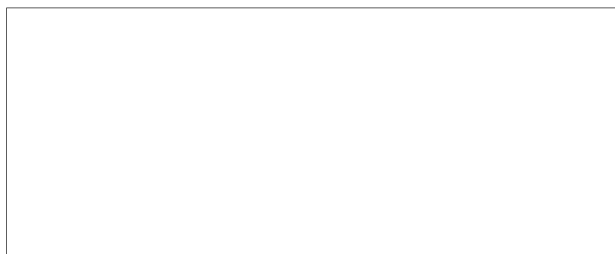
**Saturday
29 August 1987**



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25X1**PHILIPPINES:****Implications of Coup Attempt**

The immediate threat to the Philippine Government posed by the abortive coup appears over, but President Aquino must now find a way to reunite her military and restore her political prestige; although she is likely to deal harshly with the rebel soldiers, she may also make some concessions to their demands, such as the removal of armed forces Chief of Staff Ramos.

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Most rebel troops in Manila have surrendered or escaped, and leader Col. Gregorio Honasan and several hundred of his supporters may have slipped out of the city, according to US Embassy and press reporting. Pockets of resistance remain in the countryside, however.

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Comment: This coup attempt demonstrates again that the military's dissatisfaction with the Aquino government runs deep and is a serious threat to stability. The attempt will undoubtedly further increase distrust between civilian and military leaders, complicating Manila's efforts to defeat the Communist insurgency, revive the economy, and develop democratic political institutions.

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Aquino will have to maneuver carefully to reassert her authority over the armed forces without antagonizing them. Apparently outraged by the violent revolt—her only son was wounded in the attack on the presidential palace—Aquino will probably demand that the coup plotters be punished severely.

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Some of her advisers are likely to recommend that she take steps to address the rebels' concerns, which include the alleged mismanagement and weak leadership of Chief of Staff Ramos. Although Ramos helped quell the revolt, Aquino may decide he is more of a liability than an asset and offer him some other government post—a move that could stimulate further rebel demands.

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The coup attempt is almost certain to prompt Aquino's political allies and foes alike to reassess their positions. By damaging her prestige and possibly weakening her popularity, the attempt is likely to make it more difficult for her to persuade supporters in the Congress to push her policy agenda, and it gives her opponents ammunition with which to attack her leadership.

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SOUTH KOREA:

Prospects for Bipartisan Compromise

The ruling party and the main opposition party appear ready to compromise on constitutional revision next week, while the government is preparing to get tough with "leftists."

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Both sides are claiming that the few remaining sticking points will be resolved when ruling-party President Roh Tae Woo and opposition leader Kim Young Sam meet on ^{31 August} ~~Monday~~. Party representatives are hinting they have struck a backroom deal. ^{reportedly} ~~The US Embassy says~~ the ruling party will concede its demand for a five-year residency requirement for presidential candidates; government critics claimed it could have blocked a presidential bid by Kim Dae Jung. The opposition has said it is shelving demands for a vice-presidency and a four-year, two-term presidency.

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Key issues remaining are lowering the voting age—now 20—and including an explicit guarantee in the constitution's preamble—that the military will not intervene in politics—both are opposition demands.

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^{reportedly,} Kim Young Sam ^{have} ~~told US officials on Thursday that he~~ and Kim Dae Jung ^{have} agreed to hurry efforts at compromise. The Kims continue to battle, however, over the critical issue of who will be the party's standard bearer. Kim Dae Jung's faction declared for the first time this week that he must be the candidate.

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Meanwhile, Prime Minister Kim Chung Yul ^{on 28 Aug} ~~announced on Thursday~~ that the government was investigating as many as 1,600 "leftist" dissidents. ^{20 August} ~~Police resumed tough tactics yesterday,~~ including liberal use of tear gas, against protesters who ignored a nationwide government ban against rallies coinciding with the funeral of a striking worker killed accidentally by police this month.

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^{31 August.} **Comment:** Pressure from hardliners in both camps could complicate the talks on ~~Monday~~. With Kim Dae Jung's supporters pressing his candidacy, Kim Young Sam may be reluctant to compromise, fearing it would open him to criticism. Roh is already under attack from government hardliners who blame labor unrest on his reform proposals and may find his maneuvering room limited if Kim hangs tough.

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Roh and Kim Young Sam nonetheless share an interest in compromising on the constitution. Roh needs progress to justify his initiative to reopen dialogue with the opposition. Kim surely recognizes that a failure to compromise will frustrate the public, bring more protests, and perhaps even prompt a crackdown that could extend to the opposition party itself. In any case, an agreement is not likely to keep hardline radicals off the streets this fall.

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WESTERN EUROPE: Acclaiming Central American Accord

Most West European governments, as well as the EC, have applauded the Central American peace accord as the best hope for securing a regional peace, but they remain skeptical about Nicaragua's commitment to democratization and Washington's readiness to pursue a diplomatic solution.

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Managua's acceptance of the plan has not diminished growing West European disenchantment with the Sandinistas, and several governments and parties are moving to test Managua's commitment to reform. Bonn, for example, has protested the recent arrest of human rights activists to spotlight the issue of civil liberties. The Brussels-based Christian Democratic International, meanwhile, is holding a meeting in Managua next month and plans to give new financial aid to its Nicaraguan affiliate, the Social Christian Party.

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The West European press has portrayed recent US initiatives as a tactical move designed to secure greater funding for the Nicaraguan insurgents. Some British officials are concerned that Ambassador Habib's resignation signals a lack of US commitment to a diplomatic solution, according to US Embassy reporting.

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Comment: Despite their skepticism, the West Europeans see the peace agreement as a useful test of Managua's intentions. Most are likely to urge Washington to cut off aid to the Nicaraguan insurgents to avoid giving Managua a pretext for noncompliance and to undercut Sandinista efforts to solicit international sympathy and assistance. Still, most West European governments are unlikely to press the US too hard on the insurgent issue, particularly when they are focused on an imminent INF accord and events in the Persian Gulf—issues of much greater importance to them.

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EL SALVADOR: Insurgents Propose Cease-Fire

A communique from the Salvadoran insurgents proposing a one-week cease-fire to begin on 12 September is an attempt to regain the political initiative lost after the signing of the Central American peace accord. The insurgents also reiterated their willingness to engage in peace negotiations on 15 September, the date proposed by President Duarte. [redacted]

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Comment: There is no indication that Duarte intends to back away from his demand that, as a precondition to negotiations, the guerrillas meet a 30 August deadline to accept the accord. Duarte is likely to counter the proposal by making public plans to implement a cease-fire of indefinite duration, hoping the guerrillas will reject his offer and be seen as obstructing the peace effort. [redacted]

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HAITI: Political Activity of Leftist Priests

Radical Catholic priests in Haiti are increasingly involved in antigovernment activities and are undermining Church authority.

~~According to the US Embassy,~~ the most prominent radical cleric, Jean-Bertrand Aristide, has called for the violent overthrow of the ruling council and denounced elections scheduled for November. [redacted]

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~~Aristide and a representative of a radical Haitian bishop recently joined a Haitian Communist leader in lobbying the independent electoral commission not to hold elections unless the council resigns. Aristide also recently pressured the Church hierarchy to reverse its decision to transfer him out of Port-au-Prince.~~

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~~Meanwhile, other leftists priests have publicly criticized their moderate superiors. Last Sunday, the Embassy says, Aristide and several other priests were attacked and injured by peasants in a town north of the capital.~~ [redacted] *reportedly*

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On 23 August,
Comment: By successfully challenging more moderate Church leaders, leftists are making it increasingly unlikely that the Church will be able to facilitate a democratic transition. Although it is unclear why the radical priests were attacked last weekend, leftists are blaming the incident on the discredited council and the Army—a charge many Haitians will readily accept. [redacted]

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MAURITIUS: Close Election Expected

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on 30 August reportedly
 The Mauritian parliamentary election tomorrow will be close, with the incumbent Alliance likely to emerge with a slim majority.

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A recent independent public opinion poll shows the Alliance—led by Prime Minister Jugnauth—slightly ahead because it has presided over a four-year economic boom. ~~According to the US Embassy~~ The opposition Mauritian Militant Movement has tried to parlay corruption charges against former government officials into support for its candidate, Prem Nababsing. ~~Embassy reporting indicates that~~ the Movement also hopes, by running Nababsing—a member of the Hindu majority community—to offset Jugnauth's Hindu advantage.

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WEST
Comment: An Alliance victory would bring little change to Mauritian policy. Jugnauth would continue to soft-pedal Mauritian claims to Diego Garcia to maintain good relations with the US. The opposition's effort to win Hindu votes is unlikely to reverse the perception that the Movement's General Secretary Paul Berenger, of European descent, would dominate a Nababsing-led government. If the opposition nonetheless won, it would favor closer diplomatic ties to the USSR and increased pressure for Mauritian control of Diego Garcia.

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25X1**PERU: Terrorism Intensifies**

Peru's second-largest terrorist group, the Tupac Amaru Revolutionary Movement, has increased attacks against high-profile targets in Lima, suggesting a change to more violent tactics. Antiterrorist police have arrested an important commander and a large number of the Movement's members, including a squad responsible for the grenade attack on 5 August against the presidential palace [redacted]

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[redacted] Police also attribute car bombs over the last few days—targeted at an Army garrison, the Sheraton Hotel, and the offices of Citibank—to the group. [redacted]

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Comment: In the past, the Movement has worked at night and tried to avoid killing anyone, but recent attacks have occurred during daylight hours and have produced a large number of casualties. Because the group frequently targets US installations, a change in tactics could mean greater danger for US personnel. Although government forces have scored some intelligence successes against the group, the steady level of its activity indicates that the personnel and weapons lost have not set the terrorists back operationally. [redacted]

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COLOMBIA: Increase in Political Killings

on 25 August
The murders ~~Tuesday~~ of three prominent Colombian leftists—two educators and a labor leader—have provoked widespread student-teacher demonstrations and led to renewed charges that rightwing death squads are operating in Colombia. All three victims were shot in Medellin, a city known for narcotics trafficking and violent crime, where 11 university students and faculty members have been killed during the past two months. Some 40 to 50 other leftist activists have been murdered throughout the country over the past year. [redacted]

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reported by
Comment: Colombia has grappled with the issue of paramilitary violence since the early 1980s, when the emergence of a death squad funded by drug traffickers prompted an investigation and a condemnation by Bogota. The Defense Ministry's recent authorization of civilian self-defense groups is adding to concerns about increasing political violence throughout the country. Some political killings have been attributed to guerrillas, but continued attacks on leftist leaders will fuel charges that President Barco is losing control over Colombia's deteriorating internal security situation. [redacted]

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25X1**MOZAMBIQUE: Refugee Repatriation***hundreds of thousands* 25X1

Mozambique is cooperating in the repatriation of ~~400,000~~ of its refugees whose presence in several neighboring countries has fueled growing security concerns in the region. Police and Army units have expelled more than 7,000 of the 70,000 Mozambican refugees in Zimbabwe, some of whom may be sympathizers of the RENAMO insurgents. ~~According to the US Embassies in Harare and Maputo~~ Malawi is concerned about the ~~263,000~~ refugees inside its borders, most of whom need emergency food aid. ~~According to the Embassy in Lilongwe~~ Mozambique is negotiating repatriation pacts with Zimbabwe, Zambia, and Malawi, despite opposition among UN and Western officials, who claim the country's civil war and lack of resources will disrupt resettlement efforts.

*reportedly**reportedly*
thousands of

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Comment: Mozambique's neighbors are concerned that the refugees are straining limited food and budgetary resources and aggravating border security problems. Mozambique almost certainly could not meet the needs of returning refugees and will probably need increased emergency food aid this year. Nevertheless, Maputo depends on some 7,000 Zimbabwean, 500 Malawian, and 3,000 Tanzanian troops to help contain the RENAMO insurgency and is probably cooperating on the refugee issue to avoid bilateral tensions that could undermine this assistance.

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SUDAN: New Group Joins Insurgents*X*

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Leaders of Anyanya II, a southern Sudanese militia allied with government forces for the past two years, have agreed in principle to unite with the southern insurgent Sudanese People's Liberation Army, according to the US Embassy in Addis Ababa. Ethiopian-backed attempts to reconcile the groups began in February. ~~the two reached a de facto cease-fire this summer, and some Anyanya II troops have begun moving freely through rebel-held territory. Public acknowledgment of at least a limited rapprochement occurred this week when Anyanya II and insurgent leaders met at a conference in Addis Ababa.~~

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Comment: The reconciliation deals a blow to Prime Minister Sadiq's efforts to augment government forces by arming local militias to fight the insurgents. Growing dissatisfaction with government support and a longstanding hatred of Arab domination probably have spurred Anyanya II to accept Ethiopian offers of military supplies in return for suspending hostilities with the Liberation Army. The two groups are unlikely to join their military forces, but even sporadic coordinated attacks would further weaken the government's units, already hard pressed in the south.

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In Brief

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East Asia

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China, France signing first agreement to exchange military delegations, cooperate in arms development, according to press ... Beijing has similar arrangement with **Italy** ... helps deflect Third World criticism of Sino-US military exchanges.

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Americas

OK 1 Sept
Suriname has received one ~~Swiss~~ trainer aircraft, second expected ~~Tuesday~~ *Tuesday* via Miami, ... probably for eventual use against insurgents ... deal initially to include instructor-pilot, mechanic, spare parts.

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Brazilian Finance Minister Bresser announced measures to cut public-sector deficit ... will impose ceiling on government salaries, ban new fiscal transfers to state governments ... political pressures likely to undermine efforts, push inflation up.

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Europe

EC-Hungary formal trade negotiations to resume in October, ... some senior EC officials favor accord, but some member states reluctant to grant concessions sought by Budapest ... agreement unlikely this year.

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Special Analysis**ISRAEL:****Compromise on Lavi Likely**

Israeli Foreign Minister Peres—previously a strong supporter of the Lavi fighter aircraft—apparently now advocates scrapping the program. He proposes to divert \$100 million per year in US military assistance to the primary contractor for Lavi, Israel Aircraft Industries, to preclude large-scale layoffs and to provide sufficient research work to keep several thousand engineers and technicians employed once the Lavi project is canceled, according to the Israeli press and the US Embassy. Pending US approval, the compromise also includes F-16 coproduction in Israel and Israeli contributions to developing the advanced F-16. Peres's proposals apparently are supported by Defense Minister Rabin and Finance Minister Nissim.

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Peres's sudden shift means that proponents of scrapping the Lavi program now have a slight majority in Israel's 24-member Cabinet. Under pressure from Peres, Rabin, and Nissim, even Prime Minister Shamir is pulling away from his unequivocal backing for the Lavi. During a meeting with visiting US Senators this week, Shamir said the Lavi project was financially too much for Israel to handle. According to the Embassy, Shamir's top political adviser claims that a compromise solution to terminate the Lavi is close.

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Peres's plan nevertheless faces stiff opposition from pro-Lavi stalwarts. Likud Ministers Sharon and Arens have already denounced the move to scrap Lavi development, and Israel Aircraft Industries has called Peres's proposal unacceptable.

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Future Israeli Aircraft Research

Unresolved design problems and unproven avionics mean that already spiraling development cost overruns will worsen considerably if the Lavi is not canceled. Cost estimates earlier this year, based on the Israeli air force's requirement for only 100 aircraft instead of the 300 originally planned, suggest that the 100 Lavis would cost up to \$5 billion more than 100 F-16s. Research and development costs alone for the Lavi would amount to more than \$20 million per aircraft—about the same as the total cost of an off-the-shelf F-16.

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Peres wants to guarantee the future of Israel Aircraft, however, which will lose its primary source of funding if the Lavi is canceled. Nearly \$1.5 billion in US grant aid has already been spent developing the plane, including more than \$200 million per year on contracts with Israel Aircraft—the largest defense firm in Israel, with more than 20,000 workers. Defense Minister Rabin recently claimed that at least another \$5 billion is needed to complete the Lavi program. The Israeli air force has proposed a variety of projects to keep the firm active, including remotely piloted vehicles, advanced avionics, precision-guided munitions, and expanded plans to modernize aging Kfir and Phantom fighter aircraft. [REDACTED]

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Outlook

Barring a reversal in his new stance, Peres's opposition ultimately will spell the death of Lavi, although the Cabinet is in no hurry to vote on the issue. Even if Peres formally presents his compromise proposal to the Cabinet on Sunday, the Ministers must work out the details, and further delays on the final decision are likely. The pro-Lavi camp undoubtedly will extract the maximum concessions—such as guaranteed employment and funding for the aircraft company—in return for killing the program [REDACTED]

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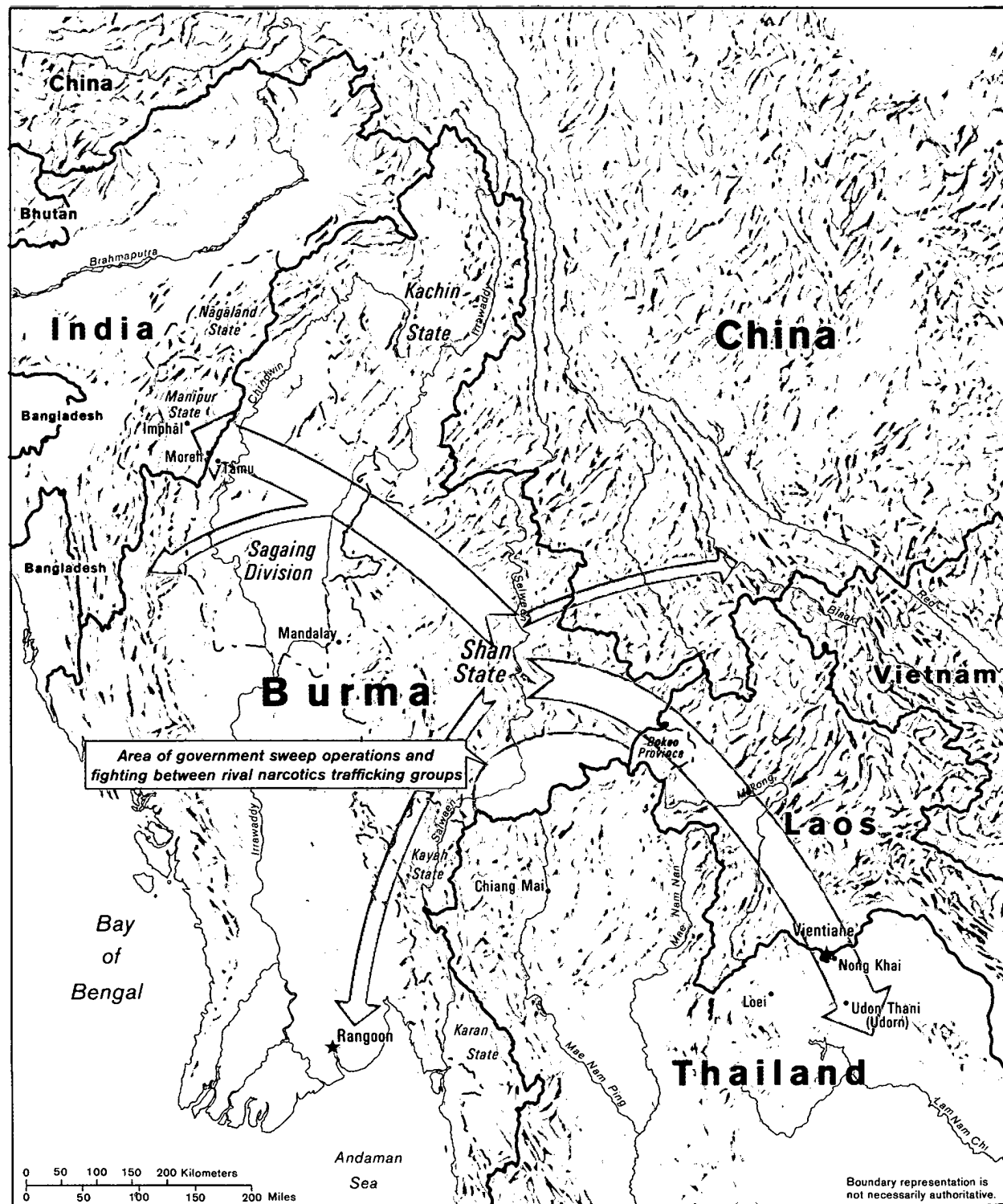
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Heroin Export Routes Bypassing the Thai-Burmese Border

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Special Analysis**THAILAND-BURMA-
INDIA:****Limited Antidrug Progress**

Thai and Burmese antinarcotics efforts along the two countries' common border have earned a stalemate against the region's drug powers, but traffickers are changing tactics and government gains are threatened. The net result may be a large increase in exports of Golden Triangle heroin.

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Military and eradication operations have made narcotics smuggling more expensive and have at least slowed the growth of heroin exports.

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leading drug groups remain intact and continue to supply about 20 percent of the US and West European heroin markets, according to reporting from US embassies and the Drug Enforcement Administration.

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The trafficking organizations, one of which has about 12,000 men under arms, are becoming more defensive—sacrificing material in order to preserve manpower and increasing the use of mobile refineries and smaller drug caravans to cut losses.

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they also continue evading military pressure on one side of the border by crossing to the other.

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There are also new smuggling routes away from the border area.

increasing amounts of heroin are going through northern Burma to India, which may become Asia's primary narcotics distribution center. More is also being exported through Laos into northeastern Thailand, where government forces are spread thin. The traditional routes through northern Thailand are likely to remain the largest conduit to the international market, but the new networks may already account for 30 to 35 percent of regional heroin exports and will probably become even more important in the future.

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Problems and Opportunities

Bangkok and Rangoon, individually, are not capable of containing expansion along the new routes, but years of distrust and animosity preclude formal bilateral cooperation. Similarly, relations between Burma and India are cool, and Laos—which does not acknowledge a narcotics problem—has been angered by Thai allegations of official Lao complicity in smuggling. [REDACTED]

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Nevertheless, Burma, Thailand, and India apparently see the trafficking network as vulnerable and have begun limited informal cooperation. [REDACTED]

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Burma produces more than 70 percent of the Golden Triangle's opium but currently sprays only areas secured by government troops, which excludes the major growing area. If it expanded its aerial eradication program into unsecured areas, trafficking costs would rise significantly. In addition, the redeployment of Burmese Army units to central Shan State would slow the expansion of networks westward and disrupt supply lines. And, in Thailand, increasing enforcement efforts in the eastern part of the country and greater use of airpower against refineries and storage facilities along the Burmese border would also pay dividends. [REDACTED]

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These measures may be enough to continue the stalemate, in itself a victory in view of the drug potential of the Golden Triangle. Over the longer term, however, bilateral and multilateral approaches and programs need to be developed even though the political realities suggest this will continue to prove elusive. [REDACTED]

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